

**2011 One Page Tax Summary  
Tax Qualified Long-Term Care Insurance (LTCi)**

Type of Taxpayer	Deduction of Premiums	Taxation of Benefits												
<b>Individual taxpayer who does NOT itemize deductions</b>	No LTCi premium deduction available													
<b>Individual taxpayer who itemizes deductions</b>	<p>LTCi is treated as accident and health insurance <i>IRC §7702B(a)(1)</i></p> <p>Deduction is limited to the lesser of actual premium paid <u>or</u> eligible LTCi premium amounts <i>IRC §§213(d)(1)(D), 213(d)(10)</i></p> <p>Eligible LTCi premium in 2010:</p> <table border="1" data-bbox="467 499 1166 655"> <thead> <tr> <th>Attained age in tax year</th> <th>Limitation on premiums</th> </tr> </thead> <tbody> <tr> <td>Age 40 or less</td> <td>\$340</td> </tr> <tr> <td>Age 41 – 50</td> <td>\$640</td> </tr> <tr> <td>Age 51 – 60</td> <td>\$1,270</td> </tr> <tr> <td>Age 61 – 70</td> <td>\$3,390</td> </tr> <tr> <td>Age 71 and older</td> <td>\$4,240</td> </tr> </tbody> </table> <p>Medical expense deduction is allowable to extent that such expenses (including payment of eligible LTCi premium) exceed 7.5% of AGI <i>IRC §213(a)</i></p>	Attained age in tax year	Limitation on premiums	Age 40 or less	\$340	Age 41 – 50	\$640	Age 51 – 60	\$1,270	Age 61 – 70	\$3,390	Age 71 and older	\$4,240	<p><b>Reimbursement</b> benefits are not included in income <i>IRC §§104(a)(3), 7702B(a)(2)</i></p> <p><b>Per diem</b> (indemnity) benefits are not included in income, except those amounts which exceed the greater of:</p> <ul style="list-style-type: none"> <li>• Total qualified LTC expenses; or</li> <li>• \$300 per day (in 2011)</li> </ul>
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<b>MSA &amp; HSA</b>	Eligible LTCi premium is considered a qualified medical expense <i>IRC §213(d)(1)(D)</i>	<i>IRC §§104(a)(3), 7702B(a)(2), 7702B(d)</i>												
<b>Employee (non-owner)</b>	<p>LTCi premium paid by employee:</p> <ul style="list-style-type: none"> <li>• Deductible by employee who itemizes (subject to limitations above)</li> <li>• May NOT be paid through a cafeteria plan <i>IRC §125(f)</i></li> <li>• May NOT be paid through an FSA or similar arrangement <i>IRC §106(c)</i></li> </ul> <p>LTCi premium paid by employer:</p> <ul style="list-style-type: none"> <li>• Employer provided LTCi is treated as an accident and health plan <i>IRC §7702B(a)(3)</i></li> <li>• Deductible by employer (subject to reasonable compensation) <i>IRC §162(a)</i></li> <li>• Total (not eligible) LTCi premium paid is excluded from employee's income <i>IRC §106(a)</i></li> </ul>	<p><b>Non-forfeiture</b> benefit (return of premium benefit):</p> <ul style="list-style-type: none"> <li>• Available only upon total surrender or death</li> <li>• May not be borrowed or pledged</li> <li>• Included in gross income to extent of any deduction or exclusion allowed with respect to premium</li> </ul> <p><i>IRC §7702B(b)(2)(C)</i></p>												
<b>C-Corporation (owner/employee)</b>	Treated as "Employee" (see above)													
<p><b>Sole-Proprietor</b></p> <p><b>S-Corporation</b> (greater than 2% shareholder)</p> <p><b>Partnership</b> (greater than 2% shareholder)</p> <hr/> <p><b>Limited Liability Corporation (LLC)</b> is a legal, not a tax filing - ask how the entity files</p>	<p>Eligible for Self-Employed health insurance deduction, which is taken "above the line" Line 29 of IRS Form 1040 <i>IRC §162(l)</i></p> <p>Limited to lesser of actual LTCi premium paid or eligible LTCi premium <i>IRC §§213(d)(1)(D), 213(d)(10)</i></p> <p>Eligible LTCi premium in 2010:</p> <table border="1" data-bbox="467 1654 1166 1810"> <thead> <tr> <th>Attained age in tax year</th> <th>Limitation on premiums</th> </tr> </thead> <tbody> <tr> <td>Age 40 or less</td> <td>\$340</td> </tr> <tr> <td>Age 41 – 50</td> <td>\$640</td> </tr> <tr> <td>Age 51 – 60</td> <td>\$1,270</td> </tr> <tr> <td>Age 61 – 70</td> <td>\$3,390</td> </tr> <tr> <td>Age 71 and older</td> <td>\$4,240</td> </tr> </tbody> </table> <p>Deduction is NOT limited to 7.5% of AGI threshold (outlined above)</p>	Attained age in tax year	Limitation on premiums	Age 40 or less	\$340	Age 41 – 50	\$640	Age 51 – 60	\$1,270	Age 61 – 70	\$3,390	Age 71 and older	\$4,240	<p><b>NOTE:</b> This document is only a <b>summary</b> of the tax treatment of qualified long-term care insurance</p>
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